



Insurance Partnership

Employer Regulations

March 15, 2002

Preface

The regulations in this booklet govern employer participation in the Insurance Partnership, administered by the Division of Medical Assistance. The Division’s regulations are incorporated into the Code of Massachusetts Regulations (CMR), a collection of regulations promulgated by state agencies within the Commonwealth and by the Secretary of State. Regulations promulgated by the Division of Medical Assistance are assigned Title 130 of the Code. The regulations governing employer participation in the Insurance Partnership are assigned Chapter 650 within Title 130.

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650.001: Introduction

Chapter 650 of Title 130 of the Code of Massachusetts Regulations (CMR) contains the Division's Insurance Partnership regulations. The Insurance Partnership provides qualified employers with an incentive payment to support their purchase of employer-sponsored health insurance. This incentive payment partially offsets the qualified employer's contribution toward approved health insurance for qualified employees. The Division's regulations at 130 CMR 650.000 describe the rules for employer participation in the Insurance Partnership. The Division's regulations at 130 CMR 505.000 describe the eligibility rules for employees.

650.002: Definitions

A number of common words and expressions are specifically defined here. Whenever one of them is used in the regulations at 130 CMR 650.000, it will have the meaning given in the definition, unless the context clearly requires a different meaning.

Basic Benefit Level (BBL) — benefits provided under a health-insurance plan that are comprehensive and comparable to benefits provided by insurers in the small-group health-insurance market. Health-insurance plans that meet the requirements of 211 CMR 64.00 also meet the BBL.

Benefit Year — a 12-month period of health-insurance coverage at the end of which the policyholder must renew or end coverage.

Billing and Enrollment Intermediary (BEI) — a health-insurance intermediary registered with the Massachusetts Division of Insurance pursuant to 211 CMR 66.13(3), that performs billing and enrollment services, and has entered into a contract with the Division to perform the services stated in 130 CMR 650.009.

Couple Policy — a health-insurance policy that covers a married couple.

Family Policy — a health-insurance policy that covers at least two family members.

Federal Poverty Level — income standards issued annually in the *Federal Register* to account for the last calendar year's increase in prices as measured by the Consumer Price Index.

Full-Time Employee — an employee who is regularly scheduled to work 30 or more hours a week for an employer, whether or not the employee is eligible for employer-sponsored health insurance.

Health Insurance Intermediary — a chamber of commerce, trade association, or other organization, including a BEI, complying with the requirements of 211 CMR 66.13(3), formed for purposes other than obtaining insurance, which offers its members the option of purchasing a health-benefit plan.

Individual Policy — a health-insurance policy that covers the policyholder only.

Insurance Partnership — a program administered by the Division of Medical Assistance to help qualified employers offer health insurance.

Insurance Partnership Administrative Entity — a billing and enrollment intermediary (BEI) or the Insurance Partnership agent (IPA). The Division has contracted with these organizations to help administer the Insurance Partnership, as described in 130 CMR 650.009.

Insurance Partnership Agent (IPA) — the organization under contract with the Division to help administer the Insurance Partnership, as described in 130 CMR 650.009. The IPA administers Insurance Partnership payments for those qualified employers who do not obtain employee health-insurance coverage through a BEI or an entity linked to a BEI.

Insurance Partnership Payment — an incentive payment by the Division applied toward the employer's share of the health-insurance premium, as described in 130 CMR 650.030.

MassHealth — the medical assistance or benefit programs administered by the Division pursuant to Title XIX of the Social Security Act (42 U.S.C. §1396), Title XXI of the Social Security Act (42 U.S.C. §1397), M.G.L. c. 118E, and other applicable laws and waivers.

Medical Benefit Request (MBR) — a form prescribed by the Division to be completed by the applicant or a representative, and submitted to the Division as a request for MassHealth benefits.

One Adult with One Child Policy — a health-insurance policy that covers a family consisting of one adult and one child.

Open-Enrollment Period — an annual period during which an employee can renew or select a new or different coverage offered by his or her employer.

Premium Assistance Payment — a payment by the Division applied toward a qualified employee's share of the health-insurance premium, as described in 130 CMR 650.031.

Qualified Employee — an employee with a gross family income at or below 200 percent of the federal poverty level, who is a MassHealth member and who works for a qualified employer.

Qualified Employer — an employer, including a self-employed individual, that meets the requirements of 130 CMR 650.010(A) and has been qualified for the Insurance Partnership by an Insurance Partnership administrative entity.

Quality Control — a system of continuing review to measure the accuracy of eligibility decisions.

Self-Employed Individual — a person with or without dependents who receives any earned income from self-employment.

(130 CMR 650.003 through 650.008 Reserved)

650.009: Insurance Partnership Administrative Entities

- (A) The Division contracts with the following administrative entities to help administer the Insurance Partnership:
- (1) billing and enrollment intermediaries (BEI); and
 - (2) the Insurance Partnership agent (IPA).
- (B) Both types of administrative entities are responsible for:
- (1) determining whether employers who have completed an Insurance Partnership employer application are qualified under 130 CMR 650.010;
 - (2) distributing, collecting, and forwarding Medical Benefit Requests to the Division that have been completed by employees seeking premium assistance through MassHealth;
 - (3) providing ongoing customer service and support to qualified employers and qualified employees; and
 - (4) administering Insurance Partnership payments and premium assistance payments on behalf of the Division in accordance with 130 CMR 650.032.

650.010: Qualified Employers

- (A) Employers are qualified if they meet all of the following requirements:
- (1) employ no more than 50 full-time employees or are self-employed, and meet other Division of Insurance requirements of a small employer for health-insurance purposes, pursuant to M.G.L. c. 176J and 211 CMR 66.00 et seq.;
 - (2) have an active agreement to buy employer-sponsored health insurance that meets the Division's basic benefit level (BBL);
 - (3) contribute at least 50 percent of the total premium cost or a dollar amount that constitutes at least 50 percent of the total premium cost, for at least one tier of employer-sponsored health insurance;
 - (4) have a valid federal employer identification number (FEIN) or equivalent;
 - (5) agree to adjust any qualified employee's payroll withholdings related to health-insurance coverage by the amount of premium assistance payments issued by the Division as soon as possible, but no later than 30 days from notification of the premium assistance amount;
 - (6) apply the amount of the Division's Insurance Partnership and premium assistance payments toward the purchase of health coverage for their qualified employees;
 - (7) affirm that they will submit monthly health-insurance premiums by the due date of the premium bill;
 - (8) agree to provide necessary corrections and confirm the accuracy of all Insurance Partnership remittance advices or information;
 - (9) resolve overpayments and underpayments as directed by the Division or the Insurance Partnership administrative entity;
 - (10) complete an Insurance Partnership employer application and receive an acceptance as a qualified employer by one of the Insurance Partnership administrative entities;
 - (11) cooperate with the Division in providing information necessary to establish or maintain eligibility as a qualified employer; and
 - (12) cooperate with the Division in quality-control reviews. Cooperation includes, but is not limited to, a personal interview, the furnishing of information, and on-site audits. Failure to cooperate is cause for termination from the Insurance Partnership.

(B) Qualified employers receive Insurance Partnership payments for each qualified employee in accordance with 130 CMR 650.030.

(C) Employers may be qualified even if they have no qualified employees.

(D) If a qualified employer switches to a different Insurance Partnership administrative entity, the employer must inform both entities of this change within three business days. Failure to report such a change may result in the loss or delay of Insurance Partnership payments.

(E) If an employer does not offer a couple policy or a one-adult-with-one-child policy, a couple without children or a family with one adult and one child can be covered by a family policy.

650.011: Insurance Partnership Employer Application

(A) An employer may complete an employer application at any time during the benefit year. Employers who meet the requirements of 130 CMR 650.010(A) are qualified employers.

(B) The employer remains qualified until the end of the date on which the employer no longer meets all of the requirements of 130 CMR 650.010(A).

(C) The employer must complete another employer application as soon as one of the following items changes: ownership, federal employer identification number (FEIN), address, or percentage of the contribution amount.

(D) If an employer's health-insurance carrier plan or rates change, the employer must report such changes to its Insurance Partnership administrative entity within 10 business days of the change.

650.012: Notice

(A) All employers who submit an application will receive written notice of their acceptance or denial for participation in the Insurance Partnership.

(B) The notice will provide information about the employer's right to a fair hearing. The appeal process is described in the Division's regulations at 130 CMR 610.000.

(130 CMR 650.013 through 650.021 Reserved)

650.022: Qualified Employees

A qualified employee is one who works for a qualified employer, purchases employer-sponsored health insurance, and has been determined eligible for MassHealth. Qualified employers receive an Insurance Partnership payment toward health insurance purchased for each qualified employee.

(130 CMR 650.023 through 650.029 Reserved)

650.030: Insurance Partnership Payments

Qualified employers receive an Insurance Partnership payment toward the health insurance purchased for qualified employees. Payments are administered in accordance with 130 CMR 650.032.

(A) **Rate Schedule**. The Division will make Insurance Partnership payments according to the rates listed under M.G.L. c. 118, §9C(4) and (5) for each type of policy listed below.

Type of policy	Insurance Partnership Payment
Individual	\$400 per year per policy, paid monthly (\$33.33/month)
Couple	\$800 per year per policy, paid monthly (\$66.66/month)
One adult with one child	\$800 per year per policy, paid monthly (\$66.66/month)
Family	\$1,000 per year per policy, paid monthly (\$83.33/month)

(B) **Insurance Partnership Payment Start Dates**. The Division will make Insurance Partnership payments to qualified employers on behalf of qualified employees, starting with the month in which the employee is determined eligible for premium assistance, or for newly insured employees, the month before coverage under the new policy begins. Each monthly payment is for coverage in the following month.

650.031: Premium Assistance

The Division provides premium assistance to qualified employees. Premium assistance payments are administered through the Division's Insurance Partnership administrative entities in accordance with 130 CMR 650.032.

650.032: Process of Making Insurance Partnership and Premium Assistance Payments

Insurance Partnership and premium assistance payments are made as follows.

(A) **Employers Participating in the Insurance Partnership through a BEI**. For employers participating in the Insurance Partnership through a BEI, the Division makes monthly Insurance Partnership and premium assistance payments directly to the BEI. The BEI credits the employer's insurance bill by the amount of the Insurance Partnership and premium assistance payments made by the Division.

(B) **Employers Participating in the Insurance Partnership through the IPA**. Employers participating in the Insurance Partnership through the Division's IPA receive a monthly check and remittance advice from the IPA, totaling the Insurance Partnership and premium assistance payments made by the Division. Employers must use these payments to purchase health coverage for their qualified employees.

(C) **Appealing Payment Amounts**. If an employer disagrees with the amount of the Insurance Partnership payment it receives, the employer first must attempt to resolve differences as described in 130 CMR 650.010(A)(9). If the employer is dissatisfied with this resolution, it then may appeal to the Board of Hearings. The appeal process is described in the Division's regulations at 130 CMR 610.000.

650.033: Employer Adjustment of Employee Withholdings to Account for Premium Assistance

(A) Qualified employers must adjust or establish the amount withheld from the pay of their qualified employees described in 130 CMR 650.022, to account for the amount of the employee's premium assistance payment made by the Division.

(B) If the withheld amount cannot be adjusted by the time of the first premium assistance payment, the employer must reimburse the employee for each premium assistance payment that is not reflected in the employee's withhold amount for health insurance.

650.034: Membership Dues for Employers Purchasing Health Insurance through a BEI

The Division does not reimburse membership dues for employers purchasing health insurance.

650.035: Employer Fraud or Abuse

(A) Any employer who is suspected of committing fraud or abuse related to the Insurance Partnership will be referred to the Massachusetts Bureau of Special Investigations or the Attorney General's Medicaid Fraud Control Unit.

(B) Employer fraud or abuse consists of but is not limited to the following:

- (1) misuse of Insurance Partnership payments or premium assistance payments;
- (2) willful failure to adjust the health-insurance payroll deduction (or "withhold") for qualified employees to reflect the employer's receipt of premium assistance payments for those employees; or
- (3) misrepresentation of the amount of premiums the employer must pay to purchase health coverage for its qualified employees.

(C) Penalties for Fraud or Abuse.

- (1) An employer who has been found to have committed fraud will be terminated from participation in the Insurance Partnership. Such termination will result in the loss of all present and future Insurance Partnership payments for the employer and all premium assistance payments for all otherwise eligible employees without children under age 19.
- (2) Additional civil and criminal penalties may be imposed under state and federal law.

REGULATORY AUTHORITY

130 CMR 650.000: M.G.L. c. 118 E, §§ 7 and 12.

